R E P O R T R E S U M E S

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ELEVENTH REPORT OF THE STANDING COMMITTEE ON BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS.

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IN ITS ELEVENTH REPORT THE CANADIAN HOUSE OF COMMONS' STANDING COMMITTEE ON BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS STATES ITS POSITION VIS-A-VIS THE WHITE PAPER ON BROADCASTING REFERRED TO IT IN NOVEMBER 1966. IT PROPOSES TO INTRODUCE NEW LEGISLATION ON THE GENERAL LINES SET OUT IN THE PAPER. IT LISTS THE ORGANIZATIONS AND PERSONS WHO SPOKE TO THE COMMITTEE OR SENT BRIEFS. IT EXPRESSES THE CONVICTION THAT TELEVISION SHOULD BE AN EFFECTIVE INSTRUMENT FOR FOSTERING NATIONAL CONSCIOUSNESS AND STRENGTHENING NATIONAL UNITY AND THAT PARLIAMENT SHOULD DEFINE THE PUBLIC INTEREST, ENUNCIATE NATIONAL POLICY, CREATE A VIABLE STRUCTURE WITHIN WHICH THE SERVICE CAN BE ASSURED, BUT NOT BE INVOLVED IN THE SUPERVISION. ITS POSITION IS EXPRESSED REGARDING SUCH MATTERS AS REGULATORY AUTHORITY, STRUCTURE OF THE BROADCASTING SYSTEM, PENALTIES, OWNERSHIP OF FACILITIES, AND FINANCIAL PROVISION. IT WOULD HAVE THE BOARD OF BROADCAST GOVERNORS RESPONSIBLE FOR AMPLIFIYING BROAD PRINCIPLES LAID DOWN BY PARLIAMENT AND FOR ARBITRATING DISPUTES AND THE CANADIAN BROADCASTING CORPORATION RESPONSIBLE FOR DECISION MAKING IN CARRYING OUT PUBLIC POLICY THROUGH BROADCASTING. IT WOULD ALLOW FOR PRIVATE BROADCASTING FACILITIES AND FOR PROVISION OF ALTERNATIVES TO ENSURE EXTENSION OF FULL NETWORK SERVICE IN BOTH ENGLISH AND FRENCH. (RT)

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House of Commons
Canada

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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The Standing Committee on Broadcasting, Films and Assistance to the Arts has the honour to present its

ELEVENTH REPORT

On Wednesday, November 23rd, 1966, the White Paper on Broadcasting (1966) was referred to your Committee.

Your Committee held 17 sittings during which it heard statements and evidence related to the White Paper from the following persons or organizations in the following order:

1. Mr. J.A. Ouimet, President, CBC
2. Dr. Andrew Stewart, Chairman, BBG
3. Canadian Association of Broadcasters
4. Canadian Broadcasting League
5. National Community Antenna Television Association of Canada
6. Community Antenna Television Ltd., Calgary
7. Association of Canadian Television and Radio Artists
8. Sir Hugh Greene, Director-General, British Broadcasting Corporation
9. Sir Robert Fraser, Director-General, Independent Television Authority (U.K.)
10. Canadian Association for Adult Education
11. CBC Board of Directors
12. The Honourable Judy LaMarsh, Secretary of State.

Your Committee also received briefs from the following:

1. Mr. E. Austin Weir, Toronto
2. Mr. Warwick Webster, Orillia

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3. Composers, Authors and Publishers Association of Canada.

The three full-time members of the Board of Broadcast Governors attended for presentation of the Board's views. The full Board of Directors of the CBC appeared, in what your Committee believes was the first appearance of the entire board of a Crown corporation before a parliamentary Committee. Your Committee feels its opportunity for dialogue with the members of these boards was mutually beneficial, and expresses its appreciation to them.

Your Committee is deeply indebted to Sir Hugh Greene and Sir Robert Fraser, two distinguished British public servants, for coming to Canada and aiding the Committee.

Your Committee is grateful for all submissions received and for the assistance of its Clerk, Mr. M. Slack, the Committees Branch, the Department of the Secretary of State and the Parliamentary Librarian, Mr. Erik J. Spicer.

Many valuable observations are to be found in the evidence presented. Your Committee, while not referring in detail to such observations in this Report, has considered them in formulating its assessment of each proposition put forth in the White Paper. For ease of reference, this Report includes the White Paper.

I

INTRODUCTION

(White Paper)

1. Objectives

The determination to develop and maintain a national system of radio and television broadcasting in Canada is an essential part of the continuing resolve for Canadian identity and Canadian unity. In this respect the situation in 1966 is no different from that at any other point in our history. Almost forty years ago the Royal Commission headed by Sir John Aird found unanimity in Canada on one fundamental question - Canadian radio listeners wanted Canadian broadcasting. This strong mandate did not arise from any narrow nationalism that sought to shut out the rest of the world or, more appropriately, the rest of our continent, but rather from a clear conviction that the destiny of Canada depended on our ability and willingness to control and utilize our own internal communications for Canadian purposes.

What policies are therefore appropriate in a Canada that shares the common lot of all technologically advanced countries in the electronic age? The speed of personal movement has been far outstripped by the speed with which ideas and information of all kinds can now be transmitted over long distances and can reach into the homes and minds of the population at large. There is no insulation from these new forces, no iron curtains of the mind to permit a comfortably slow pace of adjustment to new forces. The era of the communications satellites is upon us, still further complicating the processes of adaptation which the essential goal of Canadian unity will demand.

Any statement of policy relating to broadcasting in Canada therefore starkly poses this question. How can the people of Canada retain a degree of collective control over the new techniques of electronic communication that will be sufficient to preserve and strengthen the political, social and economic fabric of Canada, which remains the most important objective of public policy?

2. The Advisory Committee

The report of the Advisory Committee on Broadcasting was submitted to the Government and published early in September, 1965, after some fifteen months of intensive study of the

complex problems peculiar to Canadian broadcasting. Its far-reaching recommendations gave rise to an extraordinary volume of public comment and debate to which the Government has given careful attention, with special regard to the expressed opinions of the Canadian public at large. The Government has also received and given careful consideration to representations from the Board of Broadcast Governors, the Canadian Broadcasting Corporation, the Canadian Association of Broadcasters, the Canadian Broadcasting League, and other interested organizations.

Following these deliberations, the Government has concluded that the comments and criticisms made by the Advisory Committee within its terms of reference are in many respects soundly based and generally valid, and that many of its recommendations should be implemented as soon as possible, in effect but not necessarily in every detail. The Government accordingly proposes to introduce new legislation on the general lines set out herein.

A distinctly Canadian broadcasting system is essential to our national identity, unity and vitality in our second century. Transportation was a key factor in shaping Canada in the past. Communications will play a major role in shaping the Canada of the future. It has been said that transportation is the skeleton on which the Canadian body politic has grown during the past one hundred years. In future, broadcasting may well be regarded as the central nervous system of Canadian nationhood.

Canadian broadcasting is unique in the world - with its complex mix of public and private components, its bilingual nature, its foreign competition, its far-flung and diverse constituency. It has served Canada well. It must, however, be challenged to serve it better.

Fundamental to any consideration of broadcasting policy is the fact that the airwaves are public property, and the privilege of exclusive use of any channel or frequency must be subject to the clear responsibility of serving the public interest as expressed through national policy.

The Committee feels strongly that it is not a proper function of Parliament or Government to be involved in the programming, or the day-to-day operation or supervision of the broadcasting system. It is, however, the responsibility of Parliament to define the public interest to be served by our broadcasting system and to enunciate the national policy. It is also Parliament's duty to create a viable structure within which the service we seek can be assured to the Canadian people.

Objectives

The Committee concurs with the White Paper's statement of objectives. We are convinced that Canadians want radio and television programs of Canadian origin and character, although programs produced in the United States are available to a majority of Canadians who obviously enjoy them. A Canadian identity demands public affairs and news programs about Canada and about the world through Canadian eyes. Canadian broadcasters have a special responsibility to provide such programs because they will not come from any other source. Although the United States will continue to be the source of many dramatic and variety programs on Canadian stations, Canadian broadcasters must develop such programs in Canada to the fullest extent which availability of talent and resources permits.

With prospective development of non-commercial broadcasting in the United States, and with the rapid progress toward satellite broadcasting, all Canadians may soon have direct access to more international programs of wide interest and high quality. This will be welcome provided Canadians are assured of the opportunity to receive Canadian programs of high quality, to develop their own talents and display them globally.

The Committee notes with approval the growing interest in domestic film-making including the recent legislation to establish the Canadian Film Development Corporation. This opens new opportunities for co-operation between broadcasters and film-makers.

We recommend that Canadian television be encouraged to utilize the National Film Board and independent film producers to a greater extent.

Indeed, to advance Canadian cultural objectives, broadcasting should draw on all available creative organizations and resources in the theatrical, musical and other artistic fields. We commend continuing and expanding government assistance to the arts; this will enlarge the pool of Canadian talent available to the broadcasting media.

The Committee is of the opinion that the lack of adequate archive facilities to preserve films of lasting value constitutes a severe loss to Canadians. We, therefore, recommend urgent action to preserve such films.

* * * *

II

PUBLIC CONTROL OF BROADCASTING

3. General Principles (White Paper)

Television channels and radio frequencies, the number of which is at present limited, are public property over which the public is entitled to exercise appropriate control, primarily by issuing broadcasting licences subject to special and enforceable conditions. Past experience has clearly demonstrated the necessity in Canada for a broadcasting system that includes public and private elements, in which the place of the public element should predominate in policy areas where a choice between the two is involved. Subject only to regulations applicable to all broadcasters and the conditions of individual licences, the right to freedom of expression should be unquestioned, but all broadcasters have a responsibility for the public effects of the powerful and pervasive influence which they exercise.

Much of the controversy about public control of broadcasting seems to arise from a failure to distinguish clearly between two quite separate elements - the physical structure of the system and the actual programs broadcast - which can and should be differently treated. It is almost universally recognized that the regulation of programming must be entirely and demonstrably free from improper influences and pressures, and can therefore best be delegated to an independently constituted authority which is not subject to any form of direction in that regard. But, since the coverage of the national broadcasting service must be provided by the public element, which is dependent on funds voted by Parliament, the physical structure of the system as a whole is a matter for the Government, which is responsible to Parliament, to decide.

Fears of hidden influences on program content have tended to obscure this legitimate right to direct the structure of the broadcasting system. These fears can best be dispelled by providing statutory machinery which distinguishes clearly between the total delegation of authority over programming on the one hand, and ultimate authority over the structure of the system on the other.

In the new legislation, Parliament will therefore be asked to authorize the Governor in Council to give formal directions to the regulatory authority, dealing with the structure of the system, which may then be put into effect after suitable public discussion.

> Matters affecting programming will not be subject to such directions, the scope of which is more fully described below.

The Committee concurs with the general principles stated in the White Paper. We urge, however, a clear legislative declaration of the pre-eminence of the public sector. We agree that, although the CBC's responsiblity is paramount, all broadcasters share a duty to serve the public interest and must share it more equitably and effectively. We earnestly hope that the proposed "total delegation of authority over programming" will end Parliament's frequent involvement with broadcasting matters.

* * * *

4. The Regulatory Authority (White Paper)

> The Canadian broadcasting system, comprising public and private sectors, must be regarded as a single system which should be regulated and controlled by a single independent authority. It is therefore proposed that the powers and authority of the Board of Broadcast Governors, which require extension and clarification, shall be applicable to all broadcasters alike, and that the Board itself shall be reconstituted. The Government does not concur in the recommendation of the Advisory Committee that the regulatory authority should be responsible for the management of the Canadian Broadcasting Corporation. However, the legislation will make it clear that the Corporation will be subject to the regulatory powers of the Board of Broadcast Governors in all matters affecting general broadcasting policy in Canada.
>
> The Board of Broadcast Governors will have full power to issue broadcasting licences, subject only to technical evaluation and certification by the Department of Transport and to any formal direction that may have been issued under the new Act relating to the structure of the system. Licences will be issued on the authority of the Board itself, without reference, as at present, to the Governor in Council, but provision will be made for formal appeals to be made to the Governor in Council against the decisions of the Board in the exercise of this power. The necessary amendments to the Radio Act will be submitted to Parliament simultaneously with the new broadcasting legislation.
>
> The Board will also have full power to regulate the constitution of and conditions

of affiliation to all television and radio networks, both public and private.

The Board will be required to undertake, in collaboration with the Canadian Broadcasting Corporation, objective research into all matters bearing upon broadcasting in Canada. The need to keep abreast of the pace of technological change is quite apparent. It is also generally agreed that far too little is known about the specific effects on the public of new forms of communication, or about the views held by Canadians as to the objectives of public broadcasting.

The Board will be asked to consider the feasibility and desirability of setting up regional broadcasting councils to advise upon representations made by the general public with regard to programming.

The extended powers and responsibilities of the Board will, in the opinion of the Government, require the attention of more full-time members than at present, but there should continue to be a number of part-time members sufficient to provide a broad cross-section of Canadian opinion. The authority of the Board will reside in the full-time members, but there will be an obligation to consult the whole Board before decisions are taken on matters of regulatory policy.

It is accordingly proposed that the Board shall comprise a Chairman, a Vice-Chairman, and three other full-time members, together with up to seven part-time members, all to be appointed by the Governor in Council. Normal terms of appointment will be seven years for the full-time members and five years for the part-time members, but in both cases the terms of initial appointments will be adjusted so as to ensure a rotation of new appointments.

The Committee concurs with the White Paper's proposal that the Board of Broadcast Governors be reconstituted and its powers and authority clarified so as to make it a more effective regulatory authority in all matters affecting general broadcasting policy. We emphasize our conviction, however, that the areas of authority and responsibility of the BBG and the CBC, and the nature of the relationship it is intended to establish between them, be fully understood and clearly defined in the legislation.

If public and private components are part of a single structure, as the Fowler Committee Report and the White Paper see them to be, a common regulatory authority is needed to oversee this structure and, as an "auditor general" of broadcasting, to advise Parliament periodically as to the performance of Canadian broadcasting.

Although the ultimate authority and responsibility of Parliament is clear, it is equally clear that Parliament cannot administer or supervise broadcasting. Nor do we believe a Minister of the Crown should have such power. A reconstituted BBG should provide an assessment of our broadcasting system. In order to do so, it must have clear-cut directives from Parliament as to how it will be expected to act on Parliament's behalf.

The CBC, as the prime instrument of public policy in broadcasting and one of the world's largest broadcasting organizations, needs a strong Board of Directors. Its directors would continue to be challenged with the management of one of our country's most important corporations. Legally, they are the Corporation. Although they hold this public asset as trustees for the Canadian people, it is natural that they should develop loyalties to its personnel, its programs and its welfare. It is in the public interest, as well as in the interest of the CBC, that they do so, within the context of their responsibility to Parliament on behalf of the people. At the same time, the CBC (and the public) should benefit from continuous and co-operative liaison with a BBG bearing responsibility for overseeing performance of the entire broadcasting system. The BBG, however, should not be involved in the Corporation's day-to-day decision-making, or in policy-making concerned with the internal workings of the Corporation. These must be the responsibility of the CBC Board of Directors.

The responsibility of the BBG, in the first instance, would be to amplify the broad principles for Canadian broadcasting laid down by Parliament and to set general standards

following public hearings. The legislation must say, with a good deal of precision, what these principles are, as they apply to the various components of the system, both public and private. Obviously, the most important of them will concern programming. In the case of the CBC, responsibility for programming must rest with its Board and management. We welcome the assurance that the BBG "will not, however, be empowered to give directions, other than by generally applicable regulations or in the conditions of a license, to any broadcaster in respect of specific programs."

In case of conflict between components, the BBG should have the power to arbitrate any dispute. It should seek to resolve complaints which fall within its purview by consultation with the component or components concerned before resorting to penalties or public censure, either of which should be a final resort but firmly used if necessary.

As creatures of Parliament, both the BBG and the CBC should continue to report to Parliament annually and the members of each board should be available to this Committee for a review of their reports when their estimates are under consideration. A major parliamentary inquiry into broadcasting should not be necessary more than once every five years. We agree that it will be necessary, and useful, to have discussions between the CBC and BBG on the Corporation's budget. The BBG, however, should not assume responsibility for the budget. As "auditor general" of broadcasting, the BBG should assess the performance of all components of the system under its supervision, including the CBC. In assessing the CBC, the BBG should take into account the financial resources available to the Corporation, its mandate and its vital importance as the prime instrument of national policy in broadcasting.

We endorse the White Paper's view that "far too little is known about the specific effects on the public of new forms of communication, or about the views held by Canadians as to the objective of public broadcasting." We note the willingness of private broadcasters to collaborate with the BBG and the CBC in an

accelerated research program and feel that other independent agencies should be encouraged to participate in this endeavour. In addition to the areas of research mentioned in the White Paper, we recommend that a study be undertaken of the economic effects on Canadian broadcasting of advertising placed by Canadian firms with U.S. stations.

The Committee approves of the licensing procedure, regulation of affiliation agreements, and composition of the BBG as outlined in the White Paper. The Committee believes, however, that the authority of the Board should not reside only in the full-time members but that part-time members should have the right to vote. We also recommend that the total number of members be eleven; five full-time and six part-time. We suggest that the full-time members constitute an Executive Committee empowered to deal with matters delegated to it by legislation or by the full Board.

Your Committee has not heard specific views on the point as to whether the reasons for decisions of the BBG should be made public at the request of interested parties. We suggest, however, that this point be considered when legislation is being drafted.

* * * *

5. The Structure of the Broadcasting System (White Paper)

> In ordinary circumstances, the Board of Broadcast Governors will have the unqualified right, subject to technical certification by the Department of Transport, to select one from a number of applicants for a broadcasting licence, and to issue and renew licences on a basis of merit. But, as noted, authority will rest with the Governor in Council to give formal directions to the Board on the overall pattern of coverage to be followed; on the reservation of particular channels and frequencies for the use of the Canadian Broadcasting Corporation; on the assignment of particular channels and frequencies for special purposes; on the eligibility of certain classes of applicants for licences; and on the pre-emption of broadcast time for special purposes or in an emergency.

> All Canadians are entitled, subject only to practical considerations in the expenditure of public funds, to service in the Canadian official language that they habitually use. The Government intends to give the highest possible priority to the extension of radio and television coverage on this basis. Parliament will be asked to provide funds so that the Canadian Broadcasting Corporation can complete coverage, to the fullest extent that is feasible, with all possible speed.
>
> The time has also come to consider full national network services in both official languages from coast to coast, and a detailed study of all aspects of this question will be undertaken forthwith.
>
> Although prime coverage must have first priority, alternative television service is an amenity now regarded almost as a necessity of life, which is already available to some 75-80% of Canadian television households. The Government has advised the Board of Broadcast Governors that, pending the enactment of new legislation, it is now prepared to consider issuing second-station television licences on the recommendation of the Board, subject to the reservation for the use of the Canadian Broadcasting Corporation of channels in Victoria, B.C.; Saskatoon, Sask.; Sudbury, Ont.; and the Saint John-Fredericton area in New Brunswick. The provision of television service by the Canadian Broadcasting Corporation in these reserved locations will be inaugurated, by means of repeater stations at first, as funds permit. The effect of this decision will be to permit the Board to consider applications by private affiliates of the Canadian Broadcasting Corporation who may wish to disaffiliate and join the CTV network.
>
> In recommending the issue of a second-station licence before the enactment of new legislation, the Board of Broadcast Governors will be required to satisfy the Government that the advertising revenue of a new station will be adequate to support a proper level of public-service programming.

The Committee concurs with the statement on structure appearing in the White Paper, particularly with reference to extending coverage to all Canadians, and to full network services in both official languages. We recommend further that, wherever practical, in areas now receiving only one Canadian service, if the service is through a private outlet, the alternative should be provided

by CBC. If CBC is now the sole service, the second service should be private. Where there are serious obstacles to such parallel development, however, these should not prohibit the extension of alternate service by other means, at least on a temporary basis. We urge that the introduction of dual service proceed as rapidly as CBC finances and local market conditions permit.

* * * *

6. New Television Channels (White Paper)

> The television channels now in regular use in Canada all lie within what is known as the very-high-frequency band (VHF). The number of these channels is limited, and most have already been assigned. Those that remain are too few to meet current and impending requirements for educational television stations and other special needs. For these purposes it will be necessary to make use of the additional channels available in the ultra-high-frequency band (UHF), which requires special transmitting and receiving equipment, and which is not yet in regular use. The Department of Transport was accordingly directed some time ago to study in detail and make recommendations, in collaboration with the Board of Broadcast Governors, on the pattern of assignment of ultra-high-frequency television channels to the public and private sectors, and for educational and other special uses.

The Committee has noted with approval the study now in progress on the pattern of assignment of ultra-high-frequency television channels. We recommend that appropriate steps be taken to ensure that all new television sets sold in Canada be equipped to receive UHF transmission.

* * * *

7. Programming (White Paper)

> Clearly there must be regulations, applicable to all broadcasters alike, establishing general standards of public acceptability and governing such matters as the length, frequency and nature of advertising announcements, but this is hardly enough. While the Canadian Broadcasting Corporation has a special

place in the field of public-service programming, private broadcasters also have a positive responsibility to contribute to a wide range of audience choice, to meet certain standards of public service, and to achieve the highest quality of programming they can reasonably afford. This the Canadian people are fully entitled to demand in return for the grant of a valuable franchise. But standards of quality and public service should not be formulated on a universally applicable basis. Private broadcasters operating in the larger and more profitable markets can afford to provide a greater variety and higher quality of programming than those in less favoured areas, and it is therefore logical to relate regulatory requirements to the profit-potential of individual licences.

In programming, high quality is more a matter of general excellence than of mere content. So called "high-brow" programs can be artistically or technically poor, while light entertainment can be excellent. High quality does not necessarily flow from high cost, and standards of quality cannot readily be made a condition of a licence. However, judgments about quality can quite legitimately be made in retrospect on the basis of actual observed performance, and should carry a great deal of weight when an application for the renewal of a licence is being considered.

Other important requirements of public policy can be measured in terms of time and money. In particular, the employment of Canadian talent of all kinds is something that public policy should require by demanding that all broadcasters include a substantial Canadian content in their programming, particularly in prime time. Events of national interest which originate abroad are important as public-service programming, but do not contribute to the utilization of Canadian talent and should not qualify as Canadian content.

Accordingly the new legislation will provide that minimum standards of public-service programming and Canadian content shall be determined by the Board of Broadcast Governors on an individual basis, taking account of the circumstances of the licensee or of groups of licensees, including the Canadian Broadcasting Corporation. These minimum standards will be incorporated into the conditions of the licence so as to be legally enforceable.

Thus, in future, a broadcasting licence will be granted after a public hearing and subject to technical certification, to the applicant who undertakes, as a condition of his licence, to comply with generally applicable regulations on program quality and advertising, and to provide the best texture of public-service programming and Canadian content. The renewal of an existing licence will be subject to the same considerations, and the past performance of the licensee will be taken fully into account.

> The Board will not, however, be empowered to give directions, other than by generally applicable regulations or in the conditions of a licence, to any broadcaster in respect of specific programs.

The Committee agrees with the comments of the White Paper on programming. We approve of a flexible formula of expectations for performance by individual stations or groups of stations but with strict enforcement of standards imposed as a condition of licence. We believe it is essential to avoid monopolization of prime time by foreign programs, and to increase true Canadian content in radio as well as television. We also believe that public affairs programs should be included among those shown during prime time.

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8. Ownership of Canadian Facilities (White Paper)

> Another important aspect of licensing policy in the field of radio and television which requires attention is the ownership of broadcasting facilities. It has always been recognized that the control of Canadian communications facilities should remain in Canadian hands. There are already instances of foreign ownership and potential foreign control extending markedly into the field of Canadian communications facilities, particularly in the community-antenna television systems.
>
> Within Canada, ownership or control of one medium of communication by another is equally a matter of concern if it tends to develop into a monopoly. There is a growing number of cases where either ownership or control extends to both the local newspapers and the local radio or television facilities. The Board of Broadcast Governors will be required to investigate and report on public complaints or representations about situations of this kind.
>
> Parliament will be asked to authorize the Government to give guidance to the Board of Broadcast Governors aimed at preventing foreign control of broadcasting facilities, the domination of a local situation through multiple ownership, or the extension of ownership geographically in a manner that is not in the public interest.

The Committee supports the White Paper's proposal that the BBG be required to investigate and report on public complaints or representations about situations where control of broadcasting and another communications medium may tend to create a monopoly of information. We suggest that similar action would be justified where there appears to be danger of an undue concentration of control within broadcasting media. We also recommend that the BBG be authorized to initiate such investigations in the absence of public complaints when it deems advisable. We believe, too, that careful attention should be paid to these considerations in the granting of licences and in formulating conditions of licences, particularly in any area where there is unlikely to be more than one station, either radio or television. The Committee has noted that in the United States there is a limitation on the number of stations which can be licenced to any one owner, and feels the merits of such a restriction should be considered.

* * * *

9. Educational Broadcasting (White Paper)

> A tremendous expansion in the use of television for educational purposes is to be expected in the next few years, and the operation of educational broadcasting stations or systems involves both federal and provincial responsibilities. The policy that has been followed for the past twenty years is that broadcasting licences should not be granted to other governments or to agencies under their direct control. The only exceptions have been some radio licences issued to educational institutions specifically for educational broadcasting. Provincial applications for licences for private television stations to be operated in connection with the educational system of the province are now being received, and more are to be expected in the near future.
>
> Federal policies in the field of communications must not work to impede but must facilitate the proper discharge of provincial responsibilities for education. For this purpose, it will be necessary to work directly with the provinces to study the technical facilities required, and to plan and carry out the installation of educational broadcasting facilities throughout Canada.

The Government is prepared to give immediate consideration to the creation of a new federal organization licensed to operate public service broadcasting facilities. This organization would be empowered to enter into an agreement with any province to make such facilities available for the broadcasting within the province, during appropriate periods of the day, of programs designed to meet the needs of the provincial educational system as determined by the responsible provincial authorities. As a component of the Canadian broadcasting system, the new organization would be subject to the authority of the Board of Broadcast Governors in respect of the licensing of stations, the hours of broadcasting, the interpretation of its purposes, and generally the regulatory power of the Board in all matters affecting general broadcasting policy in Canada. Details of this arrangement will be developed after ample opportunity has been given for full discussion with all concerned.

It is the view of the Government that, since the imminent availability of ultra-high-frequency channels and facilities will be quite adequate for the needs of education, there is no need at this time to proceed with the recommendation of the Advisory Committee that the very-high-frequency channels now in use should be pre-empted for educational purposes in the forenoon.

The Committee has reserved this part of the White Paper for more intensive study, which it hopes to pursue after presentation of this report. However, we appreciate that some steps might have to be taken toward making broadcasting facilities available for instructional purposes before we can report further. The Committee therefore cautions against any departure from the long-standing policy that broadcasting licences not be granted to governments or to agencies under their direct control, and urges that no facilities be committed to the exclusive use of any government or any such agency of government.

* * * *

10. Community-Antenna Television Systems (White Paper)

The new legislation will provide that community-antenna television systems shall be treated as components of the national broadcasting system, subject to licensing,

> regulation and control by the Board of Broadcast Governors.
>
> The Board will be empowered to examine, at public hearings or otherwise, all applications for new licences or the renewal of existing licences for such systems. Among the matters subject to regulation or incorporated in the conditions of a licence will be the inclusion of Canadian channels, the preservation of the integrity of the programs received and carried by the systems, the formation of networks, an adequate degree of Canadian control of corporate licensees, and - as already noted - questions of multiple ownership or control.
>
> Study is being given to special problems of jurisdiction involved in the regulation of closed-circuit television operations and the reception of transmissions from antennae in the United States fed through a coaxial cable or microwave system to Canadian communities for local distribution over cable networks.

The Committee concurs with the proposals of the White Paper with respect to community antenna systems. We recognize the value of these systems but we agree that they should be treated as part of the broadcasting system. While they do not at present use the airwaves, they nevertheless distribute broadcast programs which may compete with those of other broadcasting outlets and therefore, should be under the jurisdiction of the BBG.

* * * *

11. Penalties and Appeal Procedures (White Paper)

> The Board of Broadcast Governors will be empowered to inflict monetary penalties for breaches of regulations or failure to comply with the conditions of a licence; in the latter case there will also be power to suspend or revoke a licence. The legislation will also provide for appeals to the courts, on questions of law but not of fact, against any decisions of the Board.

The Committee approves the procedures suggested in the White Paper provided licensees are afforded the right to be heard. Such procedures appear to be consistent with those of other comparable tribunals.

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III

THE CANADIAN BROADCASTING CORPORATION

12. The National Broadcasting Service (White Paper)

> The new legislation will establish that the Canadian Broadcasting Corporation, as the public component of the national broadcasting system, will be subject to regulation and control by the Board of Broadcast Governors, and that the standards of quality and the nature of the service provided will be a condition of the licences granted to the Corporation. Since monetary penalties would be ineffectual and the suspension of a licence impractical, the Corporation will necessarily be required to comply with specific directions by the Board in cases of breach of regulations or failure to comply with the conditions of a licence.

The Committee concurs with the proposal in the White Paper that the CBC will be subject to regulation and control by the BBG on the understanding that this does not imply any power to give directions in respect of specific programming except by general regulation or conditions of licences.

* * * *

13. The Mandate of the Corporation (White Paper)

> Under the present Broadcasting Act, responsibility is assigned to the Canadian Broadcasting Corporation for the operation of a national broadcasting service. The interpretation of this phrase has been left largely to the Corporation itself, and it has fulfilled its prime responsibility to provide broadcasting services to the Canadian people as a whole in a manner that is altogether praiseworthy.
>
> The new legislation will confirm the objectives developed by the Corporation, which are to provide a complete and balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes, including a high content of regional, national and international news, factual and interpretative

> reports, and programs devoted to all aspects of the arts, light entertainment, and sport. It should seek to use and develop Canadian artistic and cultural resources and talent, wherever situated, to the maximum extent consistent with high standards of program quality. It should serve the two official-language groups and the special needs of geographical regions, and it should actively contribute to the flow and exchange of information, entertainment and understanding between cultures and between regions.

The Committee concurs with the White Paper's confirmation and elaboration of the objectives developed by the CBC. We recommend, however, that there be legislative definition of this mandate with clear recognition that the CBC is the principal agency for carrying out public policy through broadcasting. While we feel the CBC's performance of its mandate has been by and large praiseworthy, we believe it can and must achieve its objectives more adequately under the new conditions proposed in the White Paper.

* * * *

14. <u>The Board of Directors</u> (<u>White Paper</u>)

> The field of management and operational policy in the Canadian Broadcasting Corporation is so large that the Government is convinced this responsibility should not be entrusted to a panel of members of the Board of Broadcast Governors, as recommended by the Advisory Committee. This is true even though, under the new legislation, some broad areas of broadcasting policy which may now be within the competence of the Board of Directors of the Corporation will henceforth be subject to regulation by the Board of Broadcast Governors. There seems to be no doubt that the Corporation will benefit from the advice and judgment of outstanding Canadians chosen mainly but not exclusively for their knowledge and experience of management matters.
>
> It is accordingly proposed that the Board of Directors of the Corporation shall comprise

> a President and a sufficient number of other directors to provide adequate representation, all to be appointed by the Governor in Council. The President, who will be the chairman of the Board, will be appointed for a term of seven years, the other directors for five years, with suitable provision for the overlapping of initial terms. Subject to the approval of the Governor in Council, the Board of Directors will appoint a chief executive officer, who will be responsible to the Board for all the operations of the Corporation.

The Committee concurs with the proposed composition of the Board and the provision for a chief executive officer to be appointed by the Board. We have noted with approval the relationship between the Chairman and the Director-General in the British Broadcasting Corporation which might well be emulated in the CBC.

We recommend that the Chairman be known by that title rather than as President. We consider this a position of high prestige and responsibility to be filled by an outstanding Canadian prepared to devote his energies fully to the CBC.

We recommend that the chief executive officer be called the General Manager and that he not be a director. We feel he should be a highly respected person experienced in program production, administration and finance, capable of giving creative and positive leadership in the keystone of our broadcasting system.

We reiterate the Committee's recommendation in its Ninth Report, dated June 29, 1966, that there should be a Senior Executive responsible for programming and production in the English and French networks respectively, each reporting to the General Manager.

We agree that directors should be experienced in management matters, but we would not wish to see "management"

in this context equated entirely with "housekeeping". Program policy is a most vital element in the management of a broadcasting organization, and it will always be an asset to have some directors with a practical knowledge of broadcasting. Although geographical representation need not be a prime consideration in the appointment of directors, the Committee supports the idea of forming two groups within the Board, each one to concern itself more particularly with the English or French network. Each should include directors who can speak the language of the network concerned and whose normal residence is within the coverage area of that network.

* * * *

15. Financial Provision (White Paper)

> The Government accepts the recommendation of the Advisory Committee that the Corporation should be financed by means of a statutory five-year grant based on a formula related to television households, with a suitable borrowing authority for capital requirements. The details of the actual amounts, which will require the exercise of a tight financial discipline by the Directors of the Corporation but will be adequate for reasonable requirements, will be submitted to Parliament by the Minister of Finance later in the year when financial requirements of all kinds for the next and ensuing fiscal years are under consideration.

The Committee concurs with the proposal in the White Paper for financing of the CBC, and considers this basic to accomplishment of the goals which justify the Corporation's existence.

* * * *

16. Commercial Activities (White Paper)

The size of the statutory grant to the Corporation must necessarily take into account an estimate of revenue from advertising and other sources. The Government has given the most careful consideration to the question of commercial activities, and has concluded that the recommendations of the Advisory Committee on Broadcasting should be implemented. It is important both to the Corporation and to private broadcasters that definite limits be set to the amount of revenue to be derived from its commercial activities. The Corporation should not seek to increase its present volume of commercial programming.

Parliament will accordingly be asked to make financial provision for the Corporation on the basis that, while improving its programming, it should seek to retain but not to increase its present 25% share of the television advertising market and 4% share of the corresponding radio market. It is hoped that, with improvements in sales techniques and growing opportunities for sales of programs abroad, this policy will enable the Corporation to provide a quality and diversity of programming that will not be unduly dependent on commercial resources.

The Committee recommends reconsideration of the commercial target on which the grant is to be based. If the Corporation is to carry out its mandate, improving quality and expanding Canadian content of its programming, its first concern must not be competition for commercial sales. A revenue target based on a share of the advertising market could require the Corporation to place an excessive emphasis on this aspect of its activities.

An alternative is suggested that would relate CBC commercial revenues to the proposed statutory grants. Having determined the over-all revenue needs of the Corporation for operational purposes, and the desired level of commercial activity, the number of dollars to be derived from advertising

sources would be specified. This must be a realizable target and the Corporation should be expected to use aggressive advertising and program sales policies to the degree necessary to achieve it.

* * * *

17. Headquarters and Consolidation Plans (White Paper)

> The Government considers that the headquarters of the Corporation should remain in Ottawa, but that the headquarters staff should be of the minimum size compatible with the effective general direction of the Corporation. So far as possible, operational and ancillary activities, particularly the control of programming, should be removed to the main production centres, where suitable adjustments to consolidation plans should be made as a matter of urgency.
>
> Approval has already been given for the start of construction for the consolidation of Montreal operations, but until the peak of construction for Expo '67 has been passed expenditures are to be incurred only at a minimal pace; this will give the Corporation a final opportunity to review its plans in detail. Decisions about consolidation in other production centres must await further discussion with the Corporation and detailed consideration of proposed plans.
>
> The recent difficulties in the relationship of management to production staff forcefully underline the necessity for significant improvements in internal communications. The Government therefore expects that action to effect the necessary organizational changes will be given high priority by the Corporation.

The Committee concurs with the proposals set out in the White Paper, which are consistent with previous recommendations of this Committee. In the planning of facilities, however, we believe consideration should be given to what appears to be a major growth in the use of film production for television.

* * * *

18. Colour Television (White Paper)

> The Government has reviewed and confirmed its decision that the introduction of colour television, while necessary, must take a lower priority than other improvements in the public broadcasting service. The Corporation will therefore be required to limit its expenditures on conversion to colour through the fiscal year 1969-70 to plans already announced.

The Committee concurs with the policy expressed in the White Paper, but urges that it be reviewed frequently to avoid placing the public element in a prejudicial position relative to competitors and thus defeating the purpose of the CBC to serve as many Canadians as possible.

* * * *

19. The Northern Service and Armed Forces Service (White Paper)

> For Canadians living and serving in the north and other remote parts of the country, and for Canadian servicemen overseas, broadcasting service is of inestimable importance. Radio and, increasingly in the future, television provide vital links with the more populous parts of Canada by affording an immediacy of communication that is essential to the preservation of a sense of Canadian unity. The Government therefore attaches high importance to the improvement of the present facilities for shortwave transmissions, which are far from adequate.
>
> Parliament will accordingly be asked to provide funds so that the improvements in facilities and programming recommended by the Advisory Committee can be effected as quickly as possible. The present arrangements under which the Department of National Defence bears the main cost of the Armed Forces Service will be continued.

The Committee concurs with the White Paper.

* * * *

20. The International Service (White Paper)

The Government is convinced of the importance and value of the International Service, and is generally prepared to accept the recommendations of the Advisory Committee with regard to the necessary renewal of the physical plant and the extension and improvement of programming. The integration of the Service with the Corporation, which should be undertaken forthwith, will facilitate a rationalization of activities and operations abroad. Programming policy will be determined under the guidance of the Department of External Affairs. The cost of operating the International Service will continue to be met by a special Vote, and Parliament will be asked to provide for the early installation of new transmitting equipment, as well as for the programming improvements and extensions recommended by the Advisory Committee.

The Committee concurs with the White Paper.

* * * *

IV

CONCLUSION

21. The Future of Canadian Broadcasting (White Paper)

> The new legislation that Parliament will be asked to enact will, the Government believes, have many beneficial effects. The responsibilities and authority of the Board of Broadcast Governors will be unequivocally established, in relation both to the private broadcasters and to the Canadian Broadcasting Corporation. Both sectors will be fully aware of what is expected of them, and will thus be able to plan confidently for the future. If their plans are soundly conceived and executed, as the Government is confident they will be, the Canadian public will continue to enjoy broadcasting services envied by the rest of the world.
>
> In a policy statement such as this, much of the content is necessarily devoted to the details of the Canadian broadcasting system, and it is therefore necessary to recall the national objectives set out in the opening statement. There is no area of human endeavour that is more affected by the present pace of technological change than the means by which people communicate with each other through electronic devices. The Canadian system must be adaptable to change. It must have a ready capacity to adjust to new forces so that it may contribute powerfully in the future, as it has in the past, to the essential goal of Canadian unity.

The Committee concurs with the White Paper's blueprint for the future. We recognize, of course, that technical advances such as satellite communication will create major changes in the whole field of broadcasting. These developments and their likely effect on the system must be considered carefully in all planning and legislation.

We express our conviction that the primacy of the public sector should be the paramount and continuing objective of the new legislation; that we must make more

effective, and not undermine, the main instrument by which "national consciousness may be fostered and sustained and national unity still further strengthened."

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A copy of the relevant Minutes of Proceedings and Evidence (Issues Nos. 29 to 42 inclusive) will be tabled later.

Respectfully submitted,

ROBERT STANBURY,
Chairman.

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